

ACCESS

News of Interest for Investors and Industry Professionals

Richy's Rules:

*— Life is a game of
boomerangs —*

*— If you run away from it,
it will run after you.*

*— It is impossible to wish
for more than
you think is possible.*

We're Looking at:

- Medical Building
Las Vegas, Nevada
- Hotel
Oakland, California
- Student Housing
Various Markets

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KINDRED HEALTHCARE TRANSITIONAL CARE CENTER PHOENIX, ARIZONA

Syndicated Equities is pleased to announce its recent acquisition of a medical office building that is 100% leased to Kindred Healthcare in Phoenix, Arizona. The acquisition was structured to accommodate a group of Section 1031 exchange investors utilizing a Delaware Statutory Trust. The property features a 15-year, absolute NNN lease with annual rent increases. Kindred Healthcare (NYSE: KND) will use the custom-built, 81,371 SF building as a transitional care center, assisting patients that require an extended recovery time. The property is adjacent to St. Luke's Medical Center, a 226-bed hospital, and is located within the Phoenix Bioscience Cluster, a dense cluster of more

than 3,000 acute care beds, eight major hospitals, the new Phoenix campus of the University of Arizona Medical School, and more than 1,000,000 square feet of institutional private research and development space. Syndicated made \$11,555,500 of equity available to 1031 investors and projects annual cash-on-cash yields to be approximately 6.75% over 10-years.



STAYBRIDGE SUITES HOTEL MAYFIELD HEIGHTS (CLEVELAND), OHIO

Syndicated Equities is pleased to announce its recent acquisition of the 123-room, Staybridge Suites in Mayfield Heights (Cleveland), Ohio. The hotel is adjacent to two office parks, which represent a combined one million square feet of 90% occupied office space. Syndicated plans to implement a full-scale, \$3.1 million renovation, which is expected to result in higher room rates and thus additional value.

Syndicated invested approximately \$7,495,000 of equity to acquire 95% of the ownership interests in the Property. Arbor Lodging, our operating partner, acquired the remaining 5% of ownership interests. Arbor Lodging is a Chicago-based owner and operator of hotels nationally. Syndicated has formed partnerships with Arbor earlier this year on the acquisition of the Holiday Inn Express in New Orleans and the Marriott TownePlace Suites in Indianapolis, Indiana. Annual cash-on-cash yields are anticipated to exceed 12% over the projected 7-year holding period.



Net Lease Market

It's official ... the long expected rate increase finally occurred in December ... and the moment we've been anticipating for some time came and went with little to no effect on the net lease market. Interest rates still, for the most part, remain at historic lows. For long term leases with investment grade tenants, investors can lock-in interest rates on 10-year financing in the mid-4% range. Development of new sites for existing tenants remains constrained, and very few new retail tenants are entering the market. This trend is further exacerbated by the recent announcement that Walgreens will be acquiring Rite Aid. Rite Aid had plans to begin relocating its inline stores in 2016, but with the proposed acquisition, Rite Aid has now decided to hold off on many of those new developments.

The combination of limited supply and low interest rates continues to keep downward pressure on cap rates. While most investors believe that cap rates follow interest rates, the recent rate hike wasn't large enough to disrupt the current market. If, however, interest rates continue to rise, investors believe that cap rates will follow and slowly start to inch back up. For now, investors can anticipate new properties for the following tenants trading in these ranges:





<u>Tenant</u>	<u>Current Cap Rates</u>	<u>2015 Cap Rates</u>
Walgreens	5.00% - 5.10%	5.00% - 5.40%
CVS (Ground Lease)	4.60% - 4.95%	4.85% - 5.15%
Tractor Supply Company	5.85% - 6.10%	6.00% - 6.25%
Bank Branches	4.00% - 4.50%	4.00% - 4.50%
McDonald's & Chic-fil-A	3.75% - 4.10%	3.75% - 4.25%
Rite Aid	6.00% - 6.50%	6.25% - 6.75%
Dollar General	6.25% - 6.75%	6.35% - 6.75%

If you are interested in learning more about the net lease market, selling a property or finding a replacement property, please reach out to Jason Schwartz, Jessica Healy, or Jon Carlson at 312-640-9020.

Net Leased Properties Sold/Pending

 <p>Illinois</p> <p>Price: \$7,000,000</p> <p>S&P Rating: BBB Term: 17+ years</p>	 <p>Illinois</p> <p>Price: \$4,250,000</p> <p>S&P Rating: BBB+ Term: 25 years</p>	 <p>Texas</p> <p>Price: \$3,800,000</p> <p>Term: 15 years</p>	 <p>Dollar General Rite Aid Tractor Supply Company Walgreens Family Dollar Bank Branches CVS</p>
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Net Leased Properties Sold/Pending

 <p>St. Clairsville, OH</p> <p>UNDER CONTRACT</p> <p>Price: \$4,465,621</p>	 <p>Northbrook, IL</p> <p>SOLD</p> <p>Price: \$4,200,000</p>	 <p>Mobile, AL</p> <p>SOLD</p> <p>Price: \$1,350,000</p>	 <p>Weston, WI</p> <p>SOLD</p> <p>Price: \$6,200,000</p>
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Richard Kaplan,
President & Founder

“I was trying to explain the concept of ‘making a wish’ to my 4 year old grandson. “Rex,” I said, “throw the penny in the fountain, wish for something you want, and if you are lucky, your wish will come true.” Rex quickly said, “Pops, what happens to the penny?” That was a tough one ... I tried, “It stays in there and works on your wish.” He then asked if he could have another penny.

From a real estate investment perspective, this ‘wishful thinking’ strategy is deeply flawed. At Syndicated, we strive to base our assumptions and our approach to long-term management on more substantiated resources than just luck. Our strategic partnerships,

combined with our internal managers, have proven to be strong assets within our investment platform. We’ve had several transactions reach maturity this past year, and our investors have received returns that have met or exceeded our pro formas. Not everything works as we anticipate, but our overall track record continues to be rewarding for our investors, and we are always thankful for their participation and trust. I truly appreciate the thank you calls and messages.

As for making a wish, I threw a penny in the fountain and wished everyone a happy and healthy new year, I believe that this is a very worthwhile investment.



Matthew McCulloch
Senior Principal

The past several months have been active for everyone at Syndicated. We’ve worked on new acquisitions, significant asset management projects, two successful disposition outcomes for investors, along with helping numerous Section 1031 exchange investors find replacement property.

- At the end of January 2016, we acquired a newly built, 81,000 square foot medical property leased to Kindred Healthcare on behalf of several Section 1031 exchange investors. To purchase this highly desirable asset, we began working with the developer in February 2015 to structure a sale when the building was complete and the tenant had begun paying rent. Over the course of nearly a year, we spent

considerable time and resources crafting a purchase contract that reflected the complexities of a development, securing a commitment from a lender able to “stand by” the deal far in advance of a closing, and structuring ownership to properly accommodate Section 1031 exchanges. This marathon process ultimately resulted in an investment that is expected to meet the needs of our Section 1031 exchange investors for many years to come. We sincerely thank our counsel at Levenfeld Pearlstein, our lenders at MB Financial, the developer of the property and numerous others for their dedication to creating this successful opportunity.

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Michael Crandall
Senior Principal

Sometimes we wait for months for the right investment opportunity to present itself – it’s critical that we maintain our discipline and only make investments that fit our criteria. A natural consequence of this approach is an occasional lull in transactional activity. On the other hand, sometimes we have high volume stretches like the last five months. Last September, we committed to making six investments by year-end. The result was an incredibly busy fourth quarter. Though we knew it would be a very demanding period, we made the commitments because we were excited about each of the deals. The investments were considerably

different from one another - there were apartment buildings in Omaha and Chicago, an institutional quality shopping center in suburban Philadelphia, an extended-stay hotel in Cleveland, a net-leased medical building in Phoenix, and a retail redevelopment in River North (Chicago). We felt very fortunate to have such a varied set of offerings that would allow our investors to choose from a diverse menu of asset classes, geographies and investment structures across the risk/reward spectrum. And we were grateful to have a deep investor base that allowed us to take advantage of each of the opportunities in such a tight timeframe.

72-Unit Multifamily Apartment Building - Omaha, Nebraska

Syndicated Equities is pleased to announce its recent acquisition of a 72-unit multifamily apartment building in Omaha, Nebraska. This newly developed, Class A, property is approximately 98.9% leased and located in Omaha's Old Market District. The units feature granite countertops, stainless steel appliances, open floor plans as well as fully leased commercial space on the ground floor.

Syndicated invested approximately \$5,468,000 of equity to acquire 90% of the ownership interests in the Property. Syndicated formed a partnership with Metonic Real Estate, an affiliate of a multi-generational real estate owner/operator in Omaha, which acquired the remaining 10%. Annual cash-on-cash yields are anticipated to be approximately 8% over the anticipated 7-10 year holding period. We are enthusiastic about our first joint venture with Metonic Real Estate and look forward to a continued partnership.

East Gate Square Shopping Center - Moorestown, New Jersey

Syndicated Equities is pleased to announce its recent investment in East Gate Square Shopping Center, a 771,856 square foot retail center located in Moorestown, New Jersey. The property is currently 88% leased to 60 tenants, the largest of which include Dick's Sporting Goods, Floor & Decor (pending), ShopRite, Best Buy, P.C. Richard & Son, and Barnes & Noble.

Syndicated invested approximately \$3,000,000 of equity alongside M&J Wilkow Properties, Inc., a leading Chicago-based owner and operator of office and retail properties throughout the country. Annual cash-on-cash yields are anticipated to be 7.45% over the anticipated 10 year holding period.

Portfolio of Apartment Buildings - Chicago, Illinois

During the 4th quarter of 2015, Syndicated Equities acquired a portfolio of six stabilized apartment buildings in desirable neighborhoods throughout Chicago through a partnership with Campus Residential, an affiliate of our longtime partner Campus Acquisitions. The acquisition consisted of 46 residential units and three commercial suites, all 100% occupied. The properties are located along the Damen corridor, in Chicago's West Town and Wicker Park neighborhoods, and the northernmost property is situated in the heart of Bucktown. Syndicated Equities' total investment in the portfolio was \$7,666,500. Syndicated Equities anticipates blended annual average returns on the portfolio to be approximately 7.5% on a cash-on-cash basis. We are pleased to continue our partnership with Campus Acquisitions.

Wells & Huron Retail Development - Chicago, Illinois

Syndicated Equities is pleased to announce its recent investment in a retail redevelopment project at the southwest corner of Huron and Wells in the River North neighborhood of Chicago, Illinois. The 18,240 square foot center will benefit from its strategic location in River North and the current multifamily growth occurring in that submarket. The redevelopment is planned to include replacing and updating the property's dated facade with a modern glass and steel design, along with expanding the footprint of the building by approximately 950 square feet.

Syndicated invested approximately \$3,030,000 of equity to acquire 60% of the ownership interests in Huron & Wells. A joint venture comprised of MAC Management and Shiner Capital acquired the remaining 40% interest. MAC has been an owner/operator of commercial real estate in Chicago since the 1980's, while Shiner has over 30 years of development management experience. Syndicated projects that this investment will produce an internal rate of return of approximately 15% over 5-7 years.

Recent Dispositions

ARLINGTON HIGHLANDS SHOPPING CENTER ARLINGTON (DALLAS-FORT WORTH), TEXAS

In February of 2016, Syndicated Equities' investors received an approximately 14% IRR/33% sale profit on their 2012 investment in the Arlington Highlands Shopping Center in Arlington, Texas. Thanks to strong leasing and management results achieved by M&J Wilkow, our operating partners, the Property value increased substantially over the three year

ownership period. AEW Trust, the owner of approximately 90% of the property alongside our investment, paid off the first mortgage loan in full at the maturity date in January of 2016. The forthcoming all-cash ownership structure was better suited to AEW's ownership approach, and thus M&J Wilkow negotiated a favorable agreement for AEW to buy-out the Syndicated/



M&J Wilkow interests. We thank all investors and partners for their participation in this successful investment with M&J Wilkow.

UPSCALE STUDENT HOUSING APARTMENT DEVELOPMENT SOUTHERN ILLINOIS UNIVERSITY – CARBONDALE, ILLINOIS

In June of 2014, Syndicated Equities was offered the opportunity to make a preferred equity investment with CA Student Living and Tartan Realty Group in the development of a student housing property at Southern Illinois University. Syndicated and its clients invested \$4,290,000 of equity

into the project, which was then developed on-time and leased to approximately 90%. In December 2015, the property was fully refinanced, which produced a full return of Syndicated's investment. As initially projected, the annualized return to investors was approximately 10% and a full return of

capital was achieved. We thank all investors and partners for their participation in this successful investment with CA Student Living.



Matt McCulloch - Continued from page 3

• We recently commenced a full-scale renovation of the 240 room Residence Inn by Marriott hotel that we acquired in 2007 in the heart of Alexandria, VA. Beginning in early 2012, the Washington, DC lodging market experienced its downturn following the national recession that began in 2008. For over two years, we worked closely with Marriott to rein in costs where possible, and we reserved cash internally to protect the asset for the long-term. Beginning in 2015, a market recovery commenced and the hotel began exhibiting consistent month-over-month growth, creating an exciting opportunity to modernize the property with reserves that had built

up over the years. With improved guest rooms and common areas, we believe the hotel will better maximize its ability to benefit from the current upswing in market demand and room rates, which should ultimately benefit investors.

• We spent two days in New York City recently meeting with numerous existing investors along with several prospective operating partners representing different asset classes. Every opportunity we have to sit down with investors proves to be a valuable learning experience for us, and we invite all of our investors to schedule such meetings with us whenever possible. From an investment standpoint,

we heard about the increasing difficulty to find yield, the sense that certain cities (such as Manhattan) felt very "toppy," and the challenge to source appealing opportunities with so many active buyers and lenders in the market. From a company standpoint, we heard that open, transparent and regular communication with investors remains a key factor in the decision to invest with us. Whether an investment is performing as expected or experiencing a period of uncertainty, investors want to be kept in the know. We strive to meet this goal with regular correspondence along with an open invitation to investors to call us at any time with questions.

Annual Investor Conference

On December 3, 2015, Syndicated Equities hosted its 11th annual investor conference at the Standard Club in Chicago. More than 250 investors and guests heard the Syndicated Equities team address the issues surrounding the real estate industry along with updates on the more than 45 properties currently under ownership and management. Specific attention was paid to the variety of property types that Syndicated has acquired and the strategic partnerships that have been formed, which provide investors with best in class opportunities and operators. Over the years, the conference has been successful in communicating to investors the time, energy and thoughtfulness that the Syndicated team employs on the acquisition, management and disposition of assets. Quarterly reporting, in person reviews and the 'always available to listen' policy has long been the focal point of Syndicated's approach to letting investors know exactly what is transpiring with their investments. As always, some annual predictions were made:

Interest rates would increase slightly, the stock market would be jittery, oil prices would continue to stay below \$50, the Cubs would make the playoffs and Hillary would win the general election.

Overheard



Tracy Appointed a National ADL Co-Chair

The Syndicated Equities team actively participates in philanthropic activities that enrich and give back to the community. We are proud to announce that Tracy Treger has been appointed the National Leadership Co-Chair by the Anti-Defamation League. Tracy will be travelling to cities across the U.S. in this role, and she will reach out to investors during her visits. If you are interested in an in-person meeting with Tracy, please contact her at 312-640-9023, ttreger@syneq.com.

Investors' Quick Reference Guide

NEW INVESTMENT OPPORTUNITIES

Matt McCulloch	(312) 640-2608
Mike Crandall	(312) 640-9025
Tracy Treger	(312) 640-9023

EXISTING ASSET PERFORMANCE & OUTLOOK

René Ristau	(312) 640-9013
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INDIVIDUAL FINANCIAL, TAX & ACCOUNTING MATTERS

Robert Handler	(312) 640-9024
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OWNERSHIP TRANSFERS, DIRECT DEPOSIT

Sue Plichta	(312) 640-1064
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VALUATION REQUESTS, SAF FUNDS I & II

Felicia Shotkoski	(312) 640-9017
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BROKERAGE SERVICES, 1031 EXCHANGES

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If you are not sure who to contact, please dial (312) 640-9020

If you have questions, concerns, or compliments at any time, please call Richard Kaplan, President, at (312) 640-1414.